

Rules of Procedure of the Management Committee of  
Magyar Telekom Telecommunications Public Limited Company

## **Rules of Procedure of the Management Committee of Magyar Telekom Telecommunications Public Limited Company**

### **1. Members of the Management Committee**

The Management Committee (hereinafter: the MC) of Magyar Telekom Plc. (hereinafter: the Company) is comprised of 9 (nine) members determined by the Board of Directors. The Members of the MC are the following:

- Chief Executive Officer (hereinafter: the CEO) of the Company,
- Chief Officers of the Company (Chief Human Resources Officer, Chief Financial Officer, Chief Technology and IT Officer, Chief Strategy and Corporate Development Officer, Chief Marketing Officer, Chief Sales and Services Officer, Chief Operating Officer Business Services Business Unit, Chief Legal and Corporate Affairs Officer).

### **2. Term of MC Membership**

MC membership shall last from the date of the assignment or from the date, set forth therein as the date of the assignment, to the termination of the assignment, due to any reasons.

### **3. Chairman, Vice-Chairman of the Management Committee**

The Chairman of the MC shall be the CEO who is responsible for the operation of the body as set forth in the Rules of Procedure.

The Chairman's tasks are:

- to convene the MC,
- to chair the MC meetings,
- to confirm memos and adopted resolutions, to announce the resolutions.

When the Chairman is prevented from exercising his duties, the Vice-Chairman shall substitute for him. The Vice-Chairman of the Management Committee shall be the Chief Financial Officer.

### **4. The participants of MC meetings**

#### **4.1. Permanent participants:**

- Members of the MC
- Head of the Secretariat of the Chairman-CEO (hereinafter: the Secretariat)
- Head of Investor Relations Department
- Marketing and Corporate Communication Director
- Keeper of the Minutes

#### 4.2. Occasional invitees:

- Occasional invitees shall be invited to attend the discussion of specific items of the agenda with consultancy rights.

### **5. Quorum, voting**

- 5.1. The MC has a quorum if the majority of the members are present.
- 5.2. The presence of the Chairman or the Vice Chairman is needed to constitute a quorum of the MC.
- 5.3. Each MC Member shall have one vote. In case of tie of votes, the vote cast by the presiding chairman (the Chairman or Vice-Chairman of the MC) shall be decisive.
- 5.4. A colleague in a position of a Director (or above), and working for the organization under the supervision of the MC Member substituted for may participate at the Meeting and exercise the rights of a consultant (with no voting right).
- 5.5. The Secretariat shall arrange for the convocation of Meetings postponed due to lack of quorum or any other reason.
- 5.6. Any Member of the MC may participate at a meeting of the MC via conference call or similar communication tools provided that all those present at the meeting can communicate with each other simultaneously. Participation by such means shall be deemed presence at a meeting in person and it has to be included the Minutes of the meeting.

### **6. Language of the Meetings and Submissions**

MC meetings shall be conducted in English. If required by any participant, remarks made in Hungarian shall be translated simultaneously into English, while remarks made in English shall be translated simultaneously into Hungarian. Written submissions to the MC shall be in English (submissions may include Hungarian language attachments originally prepared and/or to be submitted to the General Meeting and/or Hungarian authorities in Hungarian). Minutes of the meetings shall be taken in English.

### **7. Date and scheduling of MC meetings**

- 7.1. The MC shall hold its regular meetings on Tuesday mornings, with a duration depending on the agenda. The Chairman of the MC may decide to convene the meeting at a different time.
- 7.2. The Chairman of the MC may convene extraordinary meetings.
- 7.3. Both the normal and the extraordinary meeting can be held via telephone conference, as decided by the Chairman (or, in his absence, the Vice-Chairman).
- 7.4. Resolutions can be made via fax voting, without holding a meeting. The Chairman, or in his absence, the Vice-Chairman may decide on the application of this provision.

## **8. Resolutions of the MC**

- 8.1. The MC shall pass resolutions by simple majority of the votes cast.
- 8.2. The adopted resolutions, following the certification by the Chairman - with the exception of decisions requiring internal corporate regulation - take effect without any special execution directive and are published in the "MC Decision Support System" (hereinafter: "DSS") by 2:00 p.m. on the third working day following the date of the MC meeting. Subject to the Chairman's decision, communication on relevant MC resolutions shall be sent to the relevant managers ("TOP 400") by 2:00 p.m. on the third working day following the date of the MC meeting.
- 8.3. Implementation of MC Resolutions

Responsibility for implementation of MC resolutions shall lie with the top manager (CEO or Functional Chief Officer / Chief Operating Officer of Business Unit (BU), director or the head of the organizational unit directly reporting to a chief officer) having oversight of the organizational unit tasked with implementation. The Resolutions adopted by the MC shall be registered by the Secretariat in the DSS immediately after the Chairman's (in his absence the Vice-Chairman's) signing the Memo with the indication "draft".

Subsequent to authentication the members of the MC may object to the content of the Memo within two working days at the authenticator with the simultaneous notification of the Secretariat.

The Memo is amended with possible comments upon the approval of the Chairman and is subsequently deemed as authenticated.

The manager in charge shall inform the relevant MC member regarding the implementation of the task (or any potential delay) upon the expiry of the deadline. The Secretariat shall present the report on the implementation of tasks with deadlines that expired the previous month for the MC's first meeting every month.

## **9. Scope of Authority of the MC**

- 9.1. The MC has its scope of competence delegated by the Board of Directors. The MC shall make decisions on all issues that do not fall within the exclusive scope of authority of the General Meeting, the Board of Directors or other bodies of the Company on the basis of any statutes, the Company's Articles or the Rules of Procedure of the Board of Directors.

The MC discusses submissions on matters that fall into the scope of authority of the Board of Directors or General Meeting except if the submission is made by another authorized corporate body of the Company or by a member of the Board of Directors.

### **9.1.1. Scope of authority regarding organizational transformation**

- Approval of organizational transformation affecting at least two MC members' governance area and approval of transfer of activities (e.g. relocation of activities, centralization, decentralization) which does not fall into the scope of authority of the Board of Directors.

#### 9.1.2. Powers regarding movements of capital and funds

- As for commitments created beyond the ordinary course of business, and in excess of sums approved in the financing strategy based on the Annual Business Plan, taking loans or issuing debt securities if the amount of loan or debt securities is less than or equal to HUF 3 billion in the respective fiscal year;
- Taking loans contained in the financing strategy based on the Group's Annual Business Plan, and granting loans as transactions if the pertinent amount exceeds HUF 3.5 billion in the respective fiscal year;
- Capital investments (inclusive of financial leasing) less than or equal to HUF 3 billion in the respective fiscal year, and not approved in the Annual Business Plan;
- Undertaking guarantees or granting securities less than or equal to HUF 3 billion in the respective fiscal year, and not approved in the Annual Business Plan;
- Undertaking guarantees or granting securities contained in the Group's Annual Business Plan if the pertinent amount exceeds HUF 3.5 billion in the respective fiscal year.

#### 9.1.3. Powers concerning the utilization of tangible assets

- Selling or letting out real estates, premises or equipment in the ownership of any firm within the Group if the amount of the transaction is less than or equal to HUF 3 billion in the respective business year, and is not approved in the Annual Business Plan (except for the sale of obsolete equipment, the depreciation of which is in excess of 80% of the original price);
- Sale or exchange of real estate approved in the Annual Business Plan, if the current accounting net book value of real estate exceeds HUF 300 million;
- Letting out or tenure of real estate approved in the Annual Business Plan, if the current accounting net book value of the real estate exceeds HUF 200 million, considering the annual rental value as a basis;
- Alienation of rights having pecuniary value and related to real estate (right to rent, right of use, easement) approved in the Annual Business Plan, if the current accounting net book value of these rights of pecuniary value exceeds HUF 100 million.

#### 9.1.4. Scope of authority regarding subsidiaries

- Resolutions on proposed amendments to the Articles of Association or Deed of Foundation of subsidiaries solely owned by Magyar Telekom, concerning legal technicalities which do not impact the content and delegation of pertinent power to the organization exercising the right of approval.

#### 9.1.5. Powers related to strategy and business/financial planning

- Resolution on new, non-telecommunications developments to be implemented over multiple years;
- Drafting the Group's Strategic Plan and submitting it to the Board of Directors until October 31 of the given year;
- Approval of BU-level strategy – in accordance with the Group Strategy;
- Drafting the Group's uniform Annual and Three-year uniform Business Plans, and their submission to the Board of Directors until October 31 of the given year. (In the draft Group Annual Business Plan the MC may request authorization in matters that otherwise fall into the scope of authority of the Board of Directors but do not belong to the scope of non-transferable competences);
- Determination of the targets for the Group's Annual Business Plans;

- Approval of Group-level action plans and the criteria for priority determination levels;
- Determination of action plans of key importance;
- Approval of consolidated financial plans prepared for action plans deemed critical;
- Approval of Capex increases due to amendments of business targets when the Group Capex increase is below or equal to HUF 3 billion, in compliance with the Board's prevailing decision;
- Approval of simultaneous changes in Group Capex structure, if their amounts exceed 10 % in the Group's Capex, in compliance with the Board's prevailing decision;
- Approval of quality management program and report;
- Elaboration of planning strategies;
- Approval of qualifying a given project as top strategic project;
- Determination of the resources for unplanned top strategic projects within the framework of business plan.

#### 9.1.6. Scope of authority concerning Court Procedures

- Settlements or agreements concerning litigation or arbitration procedures, if the amount payable as a result of such agreement is in excess of HUF 100 million, but below or equal to HUF 3 billion.

### **10. The MC reports to the Board of Directors and Supervisory Board**

The Management Committee shall report to the Board of Directors and the Supervisory Board on the current operations and status of Magyar Telekom Group (hereinafter referred to as Group) at each meeting of the Board and the Supervisory Board. The MC shall prepare and forward a report on its activities since the date of the previous meeting of the Board to each Board member and the Supervisory Board's Secretariat no later than eight days prior to the date of a meeting.

### **11. Preparation for MC meetings, duties of the Secretariat, tasks of MC contact persons**

11.1. Duties of the Secretariat to facilitate the preparation for MC meetings and the decision-making activity of the MC shall be the following:

- to receive issues proposed for the agenda of MC meetings,
- to prepare a three-month rolling meeting schedule and submit it to the MC for approval,
- to prepare the agenda of the next meeting and submit it to the MC for approval,
- to prepare the time-schedules of meetings for the members of the MC,
- taking into consideration the importance and urgency of the issues, to propose to the Chairman to convene extraordinary meetings in exceptional cases,
- to send the invitations and submissions of the MC meeting to the participants, in accordance with the approved agendas,
- to prepare the memos of the meetings, and have the MC resolutions confirmed within 24 hours and entered in the DSS,
- to monitor the implementation of MC resolutions continuously, and elaborate monthly reports for the MC on execution.

## 11.2. MC contact persons and their tasks

MC contact persons play a coordinating and supporting role to keep contact between the Secretariat and the governance area of MC members pursuant to their being appointed by the heads of organizational units.

MC contact persons shall

- collect issues proposed for the agenda of MC meetings, and forward them to the Secretariat,
- monitor the preparation of each submission by deadline (coordination, approval), on the basis of the approved agendas,
- monitor the implementation of Resolutions carried, and notify the Secretariat.

## 12. Types of issues to be discussed by the MC

### 12.1. Submissions requiring decision

may be entered in the agenda

- for the approval of documents to be submitted to the Board of Directors, or
- regarding tasks outlined in Section 9.1. of these Rules of Procedure, or
- based on internal regulations (CEO and Chief Officer level directives), or
- based on the decision of the Chairman of the MC.

### 12.2. Informative material

- information that merely informs the participants and does not contain resolution proposal,
- they may be entered in the agenda upon the proposal of the MC or an MC member.

### 12.3. Sharing general information

- verbal information on the most important developments of the governance areas of the MC members. It is not possible to make decisions under this item.

## 13. Arrangements for and agendas of MC Meetings

### 13.1. Proposed issues, three-month rolling meeting schedule

Proposals for issues requiring decision as well as informatives shall be sent by the MC contact person to the Secretariat with the approval of the manager (CEO or functional Chief Officer / Chief Operating Officer of BU) responsible for the issue according to the Rules of Procedure.

The written proposals for issues to be discussed shall contain the following information:

- Precise identification of the subject (or the number of the MC Resolution if it was already on the agenda of an MC Meeting at an earlier date),
- The suggested date of discussion/decision,
- The names of invitees,

- The responsible submitter's name,
- The list of organizations to be involved in coordination,
- Whether the material requires decision or it is an informative.

Based on the proposals the Secretariat prepares the three months rolling meeting schedule by the first meeting of each month.

### 13.2. Approval of agendas

Within the framework of the last agenda item, the MC approves the agenda of its next meeting. When preparing agendas, the Secretariat shall consider urgent issues arising after the approval of the rolling meeting schedule. In addition to these approved agendas, a new item may be put on the agenda only if the Chairman of the MC has approved it, in exceptional cases.

### 13.3. Provision of agendas to the Group Compliance Officer

Following a meeting of the MC, the Secretariat shall forward the approved agenda of the next meeting to the Group Compliance Officer.

The Group Compliance Officer shall evaluate whether the items in the agenda may have compliance implications, and, where appropriate, indicate to the Head of the Secretariat its request to be included in the discussion regarding those agenda items.

## 14. Coordination of submissions

### 14.1. Submission requiring decision

It is obligatory to send these submissions by electronic means for harmonization to the Group Legal Directorate and the Controlling Directorate as well as to the affected organizations at the latest by 2:00 p.m. on the seventh working day prior to the date of the respective meeting.

At the commencement of coordination the responsible submitter shall, by electronic means, provide the submission to the Head of the Secretariat.

At least three working days shall be ensured for the purpose of the harmonization. The respective organizations have to establish their standpoint within this timeframe. Whenever it is possible the requested modifications have to be incorporated into the material. In the event that there are conflicting standpoints that can not be resolved the material has to be attached to the submission separately and, if applicable, the above fact has to be mentioned in the executive summary.

The Secretariat must receive the approved material, together with possible conflicting standpoints, at the latest by 10:00 a.m. on the third working day prior to the date of the MC meeting. Materials submitted after the deadline shall not be discussed by the MC unless the Chairman grants permission thereto.

## 14.2. Informative material

There is no need for prior harmonization.

The material approved by the responsible submitters has to be sent to the Secretariat at the latest by 10:00 a.m. on the third working day prior to the date of the MC meeting and the Secretariat sends the submission to Chief Officers. Materials submitted after the deadline shall not be discussed by the MC unless the Chairman grants permission thereto.

The affected organizations may present their opinion or contrary opinion at the meeting.

## 14.3. Sharing general information

There is no need for prior harmonization and specification of the subject.

## 15. Formal and content-related requirements of submissions, submittal and approval

### 15.1. Submissions requiring decision

#### 15.1.1. Cover page of submissions

The cover page, and the executive and communication summaries of the submission has to be prepared in line with the form shown in Annex No. 1/A. The person appointed and authorized to confirm the completion of coordination shall indicate on the cover page that coordination has been carried out, in addition to the precise date and his signature. Then he shall return this document to the person who prepared the submission within 3 working days, by internal mail as a scanned document, or via fax. The responsible submitter shall provide the Secretariat with the cover page signed by him/her (or in his/her absence, by his/her designated deputy) that proves coordination and indicates differences of opinion simultaneously with delivering the submission. Only MC members may be responsible submitters. The Secretariat shall elaborate a summary cover page indicating whether there are any differences of opinion between certain organizational units or not, with whom the coordination has been completed.

#### 15.1.2. Resolution proposal

The mandatory elements of the submission are as follows:

- description of the task
- name of the manager, contributor responsible for the execution
- deadline.

#### 15.1.3. Executive summary (length: maximum 3 pages)

The Executive Summary is an obligatory part of a submission. It shall contain the most important information selected from the detailed document indispensable for making a decision. The executive summary shall contain answers to the following questions:

- What is the goal of the submission?

- What is the content?
- Who is affected?
- How does it affect them?
- How does it affect the Group?
- When can these effects be expected?
- What is the financial impact (if any)?
- Action plan / next steps (if any)?

#### 15.1.4. Detailed exposition

It is to be as brief as possible (preferably max. 5 pages) to provide a reasoned basis for decision.

### 15.2. Informative material

#### 15.2.1. Cover page of the submission

The cover page, and the executive and communication summaries of the submission shall be prepared according to the provisions of Annex 1/B. The cover page, signed by the responsible submitter (or in his/her absence, by his/her designated deputy), shall be sent to the Secretariat together with the submission. Only MC members may be responsible submitters.

#### 15.2.2. Executive summary (length: maximum 3 pages)

The Executive Summary is an obligatory part of a submission. It shall contain the most important information selected from the detailed document indispensable. The executive summary shall contain answers to the following questions:

- What is the goal of the submission?
- What is the content?
- Who is affected?
- How does it affect them?
- How does it affect the Group?
- When can these effects be expected?
- What is the financial impact (if any)?
- Action plan / next steps (if any)?

#### 15.2.3. Detailed exposition

It is to be as brief as possible to provide a reasoned basis for decision.

### 15.3. Sharing general information

There are no requirements on either its form or content, it is a verbal informative in the first place.

## **16. Convocation of the MC**

The invitation for the meeting and the documents in full shall be available exclusively in the DSS.

## **17. Documents to be prepared on MC meetings**

17.1. Within 48 hours or the shortest reasonable period after the meeting, the Secretariat shall prepare a memo of the meeting and send such memo to the MC members to allow eventual clarification of the contents of the memo. The memo shall contain the following items:

- date and place of the meeting;
- list of participants;
- items on the agenda;
- brief description of the issue, if necessary;
- brief description of the debate, if necessary;
- comments required by the contributor to be minuted;
- resolutions on the individual items on the agenda;
- names of those responsible for implementing tasks and collaborators;
- the deadline of implementing the resolution.

17.2. The authenticated memo shall be sent to the Auditor of the Company for information purposes.

## **18. Miscellaneous provisions**

18.1. MC submissions and memos qualified as "Confidential business information of Magyar Telekom Nyrt." or "Top secret business information of Magyar Telekom Nyrt.!" shall be handled in compliance with the prevailing Directive. Classified submissions can be disseminated in hard copies through the Classified Materials Office or through the DSS, if encrypted by an appropriate software.

18.2. The Rules of Procedure of the Management Committee shall be executed in the Hungarian and English languages; however the English version shall be the prevailing one.

18.3. The Annexes to the Rules of Procedure shall be compiled and continuously updated by the Secretariat. The Secretariat shall publish the Annexes on the intranet.

18.4. The Rules of Procedure of the Management Committee shall take effect upon the approval thereof by Board of Directors.

### **Enclosure:**

These Rules of Procedure were approved by the Board of Directors of Magyar Telekom Telecommunications Public Limited Company, as of April 25, 2012 by Resolution No. 7/9 (04.25.2012).